

Message Text

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ACTION EB-11

INFO OCT-01 EUR-25 EA-11 ISO-00 CEA-02 CIAE-00 COME-00

DODE-00 FRB-02 H-03 INR-10 L-03 LAB-06 NSAE-00 NSC-10

PA-04 RSC-01 AID-20 CIEP-02 SS-20 STR-08 TAR-02

TRSE-00 USIA-15 PRS-01 SPC-03 OMB-01 DRC-01 /162 W

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R 191025Z DEC 73

FM USMISSION EC BRUSSELS

TO SECSTATE WASHDC 6174

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY THE HAGUE

AMEMBASSY TOKYO

USMISSION GENEVA

USMISSION OECD PARIS

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E.O. 11652: N/A

TAGS: ETRD, GATT, EEC

SUBJECT: ITALIAN IMPORT QUOTAS ON TAPE RECORDERS

REFS: A) EC BRUSSELS 7105

B) ROME 13950

1. SUMMARY: A COMMISSION SOURCE INFORMS US THAT
THOUGH THE COMMISSION AND THE JAPANESE AGREE THAT
JAPANESE EXPORT RESTRICTIONS SHOULD IN 1974 REPLACE
CURRENT ITALIAN IMPORT QUOTAS ON TAPE RECORDERS, THE
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ITALIANS ARE DEMURRING. END SUMMARY.

2. REFTEL A CONTAINED A REPORT FROM THE LOCAL JAPANESE EC DELEGATION THAT THE JAPANESE AND THE COMMISSION HAD AGREED TO HAVE JAPANESE EXPORT RESTRAINTS REPLACE THE CURRENT COMMUNITY AUTHORIZED ITALIAN IMPORT QUOTAS ON TAPE RECORDERS. REFTEL B REPORTED THAT THE ITALIAN FOREIGN TRADE MINISTRY STATED THAT NO AGREEMENT HAS BEEN REACHED AND THAT DISCUSSIONS ARE CONTINUING.

3. THE MISSION HAS BEEN UNABLE TO REACH THE SENIOR COMMISSION OFFICIAL MOST DIRECTLY CONCERNED, BENEDICT MEYNELL, DIRECTOR FOR FAR EASTERN AFFAIRS, NOW IN GENEVA FOR THE TEXTILE NEGOTIATIONS. IN HIS ABSENCE THE MISSION SPOKE WITH A JUNIOR COMMISSION OFFICIAL WHO CONVEYED THE FOLLOWING STORY BUT ASKED THAT HIS IDENTITY BE PROTECTED SINCE--HE CLAIMED--THE MATTER HAS BECOME A VERY SENSITIVE ONE:

4. EARLIER IN THE FALL THE COMMISSION SPOKE WITH THE JAPANESE WHO AGREED TO RESTRAIN THEIR EXPORT OF TAPE RECORDERS TO 330,000 UNITS A YEAR (AS REPORTED IN REFTEL A).

5. HOWEVER, THE COMMISSION COULD NOT COME TO AN "AGREEMENT" WITH THE JAPANESE (AS REPORTED IN REFTEL B) BECAUSE IT HAD NOT SOUGHT A MANDATE FROM THE COUNCIL. THE COMMISSION HAD REFRAINED FROM SEEKING A MANDATE THINKING IT WAS "TOO MUCH TROUBLE AND WOULD TAKE TOO MUCH TIME". THE COMMISSION BELIEVED THAT ONCE THE JAPANESE HAD AGREED TO RESTRAIN THEIR EXPORTS THERE WOULD BE NO GROUNDS FOR CLAIMING SERIOUS INJURY UNDER GATT ARTICLE XIX AND CONSEQUENTLY NO JUSTIFICATION FOR CONTINUATION OF IMPORT QUOTAS.

6. HOWEVER, AFTER THE COMMISSION TALKED WITH THE JAPANESE, ITALY INFORMED THE COMMISSION THAT IT WOULD NOT ACCEPT THE JAPANESE EXPORT RESTRAINT OFFER. THE NUMBER WAS TOO HIGH, AND ITALY FEARED IMPORTS FROM OTHER SOUTHEAST ASIAN PRODUCERS.

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7. ON DECEMBER 12 THE ITALIANS REQUESTED THAT THE COUNCIL PROLONG THE IMPORT QUOTAS. HOWEVER, AT A MEETING OF MEMBER STATES A LARGE MAJORITY WAS IN FAVOR OF ACCEPTING THE JAPANESE OFFER TO RESTRAIN EXPORTS.

8. OUR SOURCE EXPECTS THE COMMISSION TO PROPOSE TO THE COUNCIL THIS WEEK THAT THE COMMUNITY ACCEPT THE

JAPANESE EXPORT RESTRAINT OFFER AND REJECT THE ITALIAN
REQUEST FOR CONTINUATION OF THE IMPORT QUOTAS. GREENWALD

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Message Attributes

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Disposition Reason:
Disposition Remarks:
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